

**ARTICLE I – GENERAL PROVISIONS**

**1. DEFINITIONS AND INTERPRETATION.**

**1.1** The general provisions of this Article I shall apply to this CAISO Tariff.

**1.2 Definitions.**

Capitalized terms used in this CAISO Tariff shall have the meanings set out in the Master Definitions Supplement set out in Appendix A unless otherwise stated or the context otherwise requires. If two or more capitalized terms are used together in a manner not uniquely defined in Appendix A to this CAISO Tariff, the meanings of each defined term apply.

**1.3 Rules of Interpretation.**

**1.3.1** In this CAISO Tariff “includes” or “including” shall mean “including without limitation”.

**1.3.2** In this CAISO Tariff, unless the context otherwise requires:

- (a) the singular shall include the plural and vice versa;
- (b) references to a Section or Appendix shall mean a section or appendix of this CAISO Tariff;
- (c) references to any law shall be deemed references to such law as it may be amended, replaced or restated from time to time;
- (d) any reference to a “person” includes any individual, partnership, firm, company, corporation, joint venture, trust, association, organization or other entity, in each case, whether or not having separate legal personality;
- (e) any reference to a day, month, week or year is to a calendar day, month, week or year;
- (f) if the provisions of a Protocol and Section 1 through 4 conflict, the provisions in Sections 1 through 4 will prevail to the extent of the inconsistency;

- (g) a reference to this CAISO Tariff or to a given agreement, or instrument shall be a reference to this CAISO Tariff or to that agreement or instrument as modified, amended, supplemented or restated through the date as of which such reference is made;
- (h) if the provisions of this CAISO Tariff and those of an existing contract conflict, with respect to Outage coordination, the existing contract will prevail to the extent of the inconsistency;
- (i) time references are references to prevailing Pacific time;
- (j) the Operating Procedures or Business Practice Manuals referenced in this CAISO Tariff, as may be amended from time to time, shall be posted on the CAISO Website, except as provided in Section 22.11, and such references in this CAISO Tariff shall be to the Operating Procedures or Business Practice Manuals then posted on the CAISO Website;
- (k) if the provisions of an Operating Procedure or a Business Practice Manual and this CAISO Tariff conflict, the CAISO Tariff will prevail to the extent of the inconsistency;
- (l) any reference to a day or Trading Day, week, month or year is a reference to a calendar day, week, month or year except that a reference to a Business Day shall have the meaning set forth in Appendix A; and
- (m) the captions and headings in this CAISO Tariff are inserted solely to facilitate reference and shall have no bearing upon the interpretation of any of the rates, terms, and conditions of this CAISO Tariff.

**2. ACCESS TO THE CAISO CONTROLLED GRID.**

**2.1 Open Access.**

The CAISO shall, subject to Sections 2.2 and 3, provide to all Eligible Customers open and non-discriminatory access to the CAISO Controlled Grid regardless of the locations of their connections to the CAISO Controlled Grid in accordance with the terms of this CAISO Tariff including, in particular, the procedures for bidding and scheduling and Congestion Management. Energy and Ancillary Services may be transmitted for an Eligible Customer into, out of or through the CAISO Controlled Grid only through the submission of Bids or Self-Schedules by a Scheduling Coordinator. A Scheduling Coordinator must ensure that each Eligible Customer which it represents has all appropriate licenses or authorizations from the Local Regulatory Authority, FERC or any other regulatory body.

**2.2 Eligibility of Customers for Direct Access or Wholesale Sales.**

The eligibility of an End-Use Customer to be treated as a Direct Access End-User will be determined in accordance with the eligibility and phase-in procedures (if any) adopted by the Local Regulatory Authority. Any dispute as to whether an End-Use Customer meets the eligibility criteria must be resolved by the Local Regulatory Authority prior to the CAISO treating that End-Use Customer as a Direct Access End-User. A Wholesale Customer shall not be entitled to participate in Wholesale Sales through a Scheduling Coordinator if it is not entitled to wholesale transmission service pursuant to the provisions of FPA Section 212(h).

**3. FACILITIES FINANCED BY LOCAL FURNISHING BONDS OR OTHER TAX-EXEMPT BONDS.**

This Section 3 applies only to transmission facilities which are under the Operational Control of the CAISO and are owned by a Local Furnishing Participating TO or other Tax Exempt Participating TO. Nothing in this CAISO Tariff or the TCA shall compel (and the CAISO is not authorized to request) any Local Furnishing Participating TO or other Tax Exempt Participating TO to violate: (1) restrictions applicable to facilities which are part of a system that was financed in whole or part with Local Furnishing Bonds or other Tax Exempt Debt or (2) the contractual restrictions and covenants regarding the use of any transmission facilities specified in Appendix B to the TCA.

Each Local Furnishing Participating TO and other Tax Exempt Participating TO shall cooperate with and provide all necessary assistance to the CAISO in developing a CAISO Protocol to meet the objectives of the first paragraph of this Section 3 and shall keep the CAISO fully informed of any changes necessary to that CAISO Protocol from time to time.

The CAISO shall implement the CAISO Protocol referred to in this Section 3 provided that the Local Furnishing Participating TOs and other Tax Exempt Participating TOs shall bear sole responsibility for the development of that CAISO Protocol including the interpretation of all relevant legislation and the tax and other financial consequences of its implementation.

**4 ROLES AND RESPONSIBILITIES.**

**4.1 [NOT USED]**

**4.2 Market Participant Responsibilities.**

**4.2.1 Comply with Dispatch Instructions and Operating Orders Issued.**

With respect to this Section 4.2, all Market Participants, including Scheduling Coordinators, Utility Distribution Companies, Participating Transmission Owners, Participating Generators, Participating Loads, Balancing Authorities (to the extent the agreement between the Balancing Authority and the CAISO so provides), and MSS Operators within the CAISO Balancing Authority Area and all System Resources shall comply fully and promptly with the Dispatch Instructions and operating orders, unless such operation would impair public health or safety. A Market Participant is not required to comply with a CAISO operating order if it is physically impossible for the Market Participant to perform in compliance with that operating order. Shedding Load for a System Emergency does not constitute impairment to public health or safety. The Market Participant shall immediately notify the CAISO of its inability to perform in compliance with the operating order.

**4.2.2 Implementation of Instructions.**

All Market Participants shall respond to CAISO instructions with no more delay than specified in the response times set out in the CAISO Tariff, Operating Procedures and Business Practice Manuals.

**4.3 Relationship Between CAISO and Participating TOs.**

**4.3.1 Nature of Relationship.**

Each Participating TO shall enter into the Transmission Control Agreement with the CAISO. In addition to converting Existing Rights in accordance with Section 16.1.4, and except as provided in Section 4.3.1.3, New Participating TOs will be required to turn over Operational Control of all facilities and Entitlements that: (1) satisfy the FERC's functional criteria for determining transmission facilities that should be placed under CAISO Operational Control; (2) satisfy the criteria adopted by the CAISO Governing Board identifying transmission facilities for which the CAISO should assume Operational Control; and (3) are the subject of mutual agreement between the CAISO and the Participating TOs. The CAISO shall notify Market Participants when an application has been received from a potential Participating TO and shall notify Market Participants that a New Participating TO has executed the Transmission Control Agreement and the date on which the CAISO will have Operational Control of the transmission facilities.

**4.3.1.1** In any year, a Participating TO applicant must declare its intent in writing to the CAISO to become a New Participating TO by January 1 or July 1, and provide the CAISO with an application within fifteen (15) days of such notice of intent. Applicable agreements will be negotiated and filed with the Federal Energy Regulatory Commission as soon as possible for the New Participating TO, such that the agreements can be effective the following July 1 or January 1.

**4.3.1.2** With respect to its submission of Bids, including Self-Schedules to the CAISO, a New Participating TO shall become a Scheduling Coordinator or obtain the services of a Scheduling Coordinator that has been certified in accordance with Section 4.5.1, which Scheduling Coordinator shall not be the entity's Responsible Participating TO in accordance with the Responsible Participating Transmission Owner Agreement, unless mutually agreed, and shall operate in accordance with the CAISO Tariff and applicable agreements.

The New Participating TO shall assume responsibility for paying all Scheduling Coordinators' charges regardless of whether the New Participating TO elects to become a Scheduling Coordinator or obtains the services of a Scheduling Coordinator.

For the period between the effective date of this provision and ending December 31, 2010, the TAC Transition Date pursuant to Section 4.2 of Appendix F, Schedule 3, New Participating TOs that have joined the CAISO and turned over Operational Control of their facilities and Entitlements shall receive the IFM Congestion Credit in accordance with Section 11.2.1.5, which IFM Congestion Credit shall only be applicable to those facilities and Entitlements in existence on the effective date of the CAISO's initial assumption of Operational Control over the facilities and Entitlements of a New Participating TO.

**4.3.1.2.1** New Participating TOs shall complete TRTC Instructions for their Converted Rights as provided in Section 16.4.5. To the extent such Converted Rights derive from ETCs with Original Participating TOs, the New Participating TOs and the appropriate Original Participating TO shall develop the TRTC Instructions together.

**4.3.1.3** Western Path 15 shall be required to turn over to CAISO Operational Control only its rights and interests in the Path 15 Upgrade and shall not be required to turn over to CAISO Operational Control Central Valley Project transmission facilities, Pacific AC Intertie transmission facilities, California-Oregon Transmission Project facilities, or any other new transmission facilities or Entitlements not related to the Path 15 Upgrade. For purposes of the CAISO Tariff, Western Path 15 shall be treated with respect to revenue recovery as a Project Sponsor in accordance with Section 24.7.

**4.3.1.4** The capacity provided to the CAISO under the Transmission Exchange Agreement originally accepted by FERC in Docket No. ER04-688 is deemed to be CAISO Controlled Grid facilities and is subject to all terms and conditions of the CAISO Tariff.

**4.3.1.5** Each Participating TO must provide its Local Reliability Criteria to the CAISO, as required by the TCA.

**4.3.1.6            Converted Rights.**

A recipient of transmission service under an Existing Contract that chooses to become a Participating TO and convert its rights to CAISO transmission service, and the Participating TO which provides the transmission service under the Existing Contract, shall change the terms and conditions of the contract to provide that:

- (a)     The recipient of the transmission service received under an Existing Contract that has converted its rights to CAISO transmission service shall turn over Operational Control of its transmission Entitlement to the CAISO for management by the CAISO in accordance with the CAISO Tariff, applicable Operating Procedures, and Business Practice Manuals;
- (b)     The recipient of the transmission service under an Existing Contract that has converted its rights to CAISO transmission service shall obtain all future transmission services within, into (starting at the CAISO Controlled Grid), out of, or through the CAISO Controlled Grid using the CAISO's bidding, scheduling, and operational procedures, the CAISO Tariff, and any applicable TO Tariff, provided that this provision shall not affect the rights, if any, of the contract parties to extend Existing Contracts;
- (c)     For the capacity represented by its rights, the recipient of firm transmission service under an Existing Contract that has converted its rights to CAISO transmission service shall be entitled to receive all Wheeling revenue credits throughout the term that the capacity is available under the Existing Contract;



- (d) The recipient of the transmission service received under an Existing Contract that has converted its rights to CAISO transmission service shall continue to have the obligation to pay the provider of the service for its transmission service at the rates provided in the Existing Contract, as they may change from time to time under the terms of the Existing Contract, or as mutually agreed between the contract parties, through the term of the contract, subject to the terms and conditions of the contract, including the rights of the parties to the contract to seek unilateral or other changes pursuant to Section 205 or Section 206 of the Federal Power Act and the FERC's Rules and Regulations or as otherwise provided by law.
- (e) Other aspects of such an Existing Contract may also need to be changed. If the parties to the contract are unable to negotiate such changes, they shall seek appropriate changes through the mechanisms provided within the contract, including the rights, if any, to seek unilateral or other changes pursuant to Section 205 or Section 206 of the Federal Power Act and the FERC's Rules and Regulations or as otherwise provided by law.

#### **4.4 Relationship Between CAISO and UDCs.**

##### **4.4.1 General Nature of Relationship Between CAISO and UDCs.**

The CAISO shall not be obliged to accept Bids which would require Energy to be transmitted to or from the Distribution System of a UDC directly connected to the CAISO Controlled Grid unless the relevant UDC has entered into a UDC Operating Agreement. The UDC Operating Agreement shall require UDCs to comply with the applicable provisions of this Section 4.4 and any other expressly applicable Sections of this CAISO Tariff as these may be amended from time to time.

The CAISO shall operate the CAISO Controlled Grid, and each UDC shall operate its Distribution System at all times in accordance with Good Utility Practice and in a manner that ensures safe and reliable operation. The CAISO shall, pursuant to its obligations set forth in this Section 4.4, have the right by agreement to delegate certain operational responsibilities to the relevant Participating TO or UDC pursuant to this Section 4.4. All information made available to UDCs by the CAISO shall also be made available to Scheduling Coordinators. All information pertaining to the physical state or operation, maintenance and failure of the UDC Distribution System affecting the operation of the CAISO Controlled Grid that is made available to the CAISO by the UDC shall also be made available to Scheduling Coordinators upon receipt of reasonable notice.

#### **4.4.2 UDC Responsibilities.**

Recognizing the CAISO's duty to ensure efficient use and reliable operation of the CAISO Controlled Grid consistent with the Applicable Reliability Criteria, each UDC shall:

- (a) operate and maintain its facilities, in accordance with applicable safety and reliability standards, regulatory requirements, applicable operating guidelines, applicable rates, tariffs, statutes and regulations governing their provision of service to their End-Use Customers and Good Utility Practice so as to avoid any material adverse impact on the CAISO Controlled Grid;
- (b) provide the CAISO Outage Coordination Office each year with a schedule of upcoming maintenance (including all equipment Outages) that has a reasonable potential of impacting the CAISO Controlled Grid in accordance with Section 9.3.6 and in accordance with the other scheduling procedures described in this CAISO Tariff;

- (c) coordinate with the CAISO, Participating TOs and Generators to ensure that CAISO Controlled Grid Critical Protective Systems, including relay systems, are installed and maintained in order to function on a coordinated and complementary basis with UDCs', Generators' and Participating TOs' protective systems.
- (d) coordinate any requests for emergency Outages on point of interconnection equipment directly with the appropriate CAISO Control Center as specified in Section 7.1.

**4.4.3 System Emergency Reports: UDC Obligations.**

Each UDC shall maintain all appropriate records pertaining to a System Emergency and each UDC shall cooperate with the CAISO in the preparation of an Outage review pursuant to Section 7.7.13.

**4.4.4 Coordination of Expansion or Modifications to UDC Facilities.**

Each UDC and the Participating TO with which it is interconnected shall coordinate in the planning and implementation of any expansion or modifications of a UDC's or Participating TO's system that will affect their transmission interconnection, the CAISO Controlled Grid or the transmission services to be required by the UDC. The Participating TO shall be responsible for coordinating with the CAISO.

**4.4.5 Information Sharing.**

**4.4.5.1 System Planning Studies.**

The CAISO, Participating TOs and UDCs shall share information such as projected Load growth and system expansions necessary to conduct necessary System Planning Studies to the extent that these may impact the operation of the CAISO Controlled Grid.

**4.4.5.2 System Surveys and Inspections.**

The CAISO and each UDC shall cooperate with each other in performing system surveys and inspections to the extent these relate to the operation of the CAISO Controlled Grid.

**4.4.5.3 Reports.**

The CAISO shall make available to the UDCs any public annual reviews or reports regarding performance standards, measurements and incentives relating to the CAISO Controlled Grid and shall also make available, upon reasonable notice, any such reports that the CAISO receives from the Participating TOs. Each UDC shall make available to the CAISO any public annual reviews or reports regarding performance standards, measurements and incentives relating to the UDC's Distribution System to the extent these relate to the operation of the CAISO Controlled Grid.

**4.4.5.4 Maintenance.**

The CAISO and UDCs shall develop an operating procedure to record requests received for Maintenance Outages by the CAISO and the completion of the requested maintenance and turnaround times. The UDCs shall maintain records that substantiate all maintenance performed on UDC facilities that are under the Operational Control of the CAISO. These records shall be made available to the CAISO upon receipt of reasonable notice.

**4.4.6 Installation of and Rights of Access to UDC Facilities.**

**4.4.6.1 Installation of Facilities.**

**4.4.6.1.1 Meeting Service Obligations.**

The CAISO and the UDC shall each have the right on reasonable notice to install or to have installed equipment (including metering equipment) or other facilities on the property of the other, to the extent that such installation is necessary for the installing party to meet its service obligations unless to do so would have a negative impact on the reliability of the service provided by the party owning the property.

**4.4.6.1.2 Governing Agreements for Installations.**

The CAISO and the UDC shall enter into agreements governing the installation of equipment or other facilities containing customary, reasonable terms and conditions.

**4.4.6.2 Access to Facilities.**

The UDCs shall grant the CAISO reasonable access to UDC facilities free of charge for purposes of inspection, repair, maintenance, or upgrading of facilities installed by the CAISO on the UDC's system, provided that the CAISO must provide reasonable advance notice of its intent to access UDC facilities and opportunity for UDC staff to be present. Such access shall not be provided unless the parties mutually agree to the date, time and purpose of each access. Agreement on the terms of the access shall not be unreasonably withheld.

**4.4.6.3 Access During Emergencies.**

Notwithstanding any provision in this Section 4.4 the CAISO may have access, without giving prior notice, to any UDC's equipment or other facilities during times of a System Emergency or where access is needed in connection with an audit function.

**4.4.7 Provision of Information for CRRs to Reflect Load Migration.**

Each UDC shall provide to the CAISO information as provided in Section 36.8.5.2 that enables the CAISO to perform transfers of CRRs that reflect Load Migration in a timely manner as required in Section 36.8.5.

**4.4.8 UDC Facilities under CAISO Control.**

The CAISO and each UDC shall enter into an agreement in relation to the operation and maintenance of the UDC's facilities that are under the CAISO's Operational Control.

**4.5 Responsibilities of a Scheduling Coordinator.**

**4.5.1 Scheduling Coordinator Certification.**

Only Scheduling Coordinators that the CAISO has certified as having met the requirements of this Section 4.5.1 may participate in the CAISO's Energy and Ancillary Services markets. Scheduling Coordinators offering Ancillary Services shall additionally meet the requirements of Section 8.

Each Scheduling Coordinator shall:

- (a) demonstrate to the CAISO's reasonable satisfaction that it is capable of performing the functions of a Scheduling Coordinator under this CAISO Tariff including (without limitation) the functions specified in Sections 4.5.3 and 4.5.4;
- (b) identify each of the Eligible Customers (including itself if it trades for its own account) which it is authorized to represent as Scheduling Coordinator and confirm that the metering requirements under Section 10 are met in relation to each Eligible Customer that it represents under this CAISO Tariff;
- (c) confirm that each of the End-Use Customers it represents is eligible for service as a Direct Access End User;
- (d) confirm that none of the Wholesale Customers it represents is ineligible for wholesale transmission service pursuant to the provisions of FPA Section 212(h);
- (e) demonstrate to the CAISO's reasonable satisfaction that it meets the financial criteria set out in Section 12;
- (f) enter into a Scheduling Coordinator Agreement with the CAISO; and
- (g) provide NERC tagging data.

**4.5.1.1 Procedure to become a Scheduling Coordinator.**

**4.5.1.1.1 Scheduling Coordinator Application.**

To become a Scheduling Coordinator, a Scheduling Coordinator Applicant must submit a completed application, as set forth in the applicable Business Practice Manual, to the CAISO by mail or in person. A Scheduling Coordinator Applicant may retrieve the application and necessary information from the CAISO Website.

**4.5.1.1.2 CAISO Information.**

The CAISO will provide the following information, in its most current form, on the CAISO Website. Upon a request by a Scheduling Coordinator Applicant, the CAISO will send the following information by electronic mail:

- (a) the Scheduling Coordinator Application Form, as set forth in the applicable Business Practice Manual;
- (b) the CAISO Tariff and Business Practice Manuals; and
- (c) forms for a credit application for Scheduling Coordinator Applicants applying for Unsecured Credit Limits and for provision of Financial Security to be provided pursuant to Section 12.

**4.5.1.1.3 Duplicate Information.**

If two or more Scheduling Coordinators apply simultaneously to register with the CAISO for a single meter or Meter Point for a CAISO Metered Entity or if a Scheduling Coordinator applies to register with the CAISO for a meter or Meter Point for a CAISO Metered Entity for which a Scheduling Coordinator has already registered, the CAISO will return the application with an explanation that only one Scheduling Coordinator may register with the CAISO for the meter or Meter Point in question and that a Scheduling Coordinator has already registered or that more than one Scheduling Coordinator is attempting to register for that meter or Meter Point. The CAISO will send the Scheduling Coordinator Applicant the name and address of the applicable Scheduling Coordinator or Scheduling Coordinator Applicant.

**4.5.1.1.4 Scheduling Coordinator Applicant Returns Application.**

At least 120 days before the proposed commencement of service, the Scheduling Coordinator Applicant must return a completed application form with the non-refundable application fee of \$5,000 to cover the application processing costs.

**4.5.1.1.5 Notice of Receipt.**

Within three (3) Business Days of receiving the application, the CAISO will send electronic notification to the Scheduling Coordinator Applicant that it has received the application and the non-refundable fee.

**4.5.1.1.6 CAISO Review of Application.**

Within ten (10) Business Days after receiving an application, the CAISO will provide electronic notification to the Scheduling Coordinator Applicant whether the Scheduling Coordinator Applicant has submitted all necessary information as set forth in Section 4.5.1, and the Scheduling Coordinator Application Form set forth in the applicable Business Practice Manual.

**4.5.1.1.6.1 Information Requirements.**

The Scheduling Coordinator Applicant must submit with its application:

- (a) the proposed date for commencement of service, which may not be less than 120 days after the date the application was filed, unless waived by the CAISO;
- (b) financial and credit information as set forth in Section 12; and
- (c) the prescribed non-refundable application fee of \$5,000.

**4.5.1.1.6.2 Scheduling Coordinator Applicant's Obligation for Contracts.**

A Scheduling Coordinator Applicant must certify that it is duly authorized to represent the Generators and Loads that are its Scheduling Coordinator Customers and must further certify that:



- (a) represented Generators have entered into Participating Generator Agreements or Qualifying Facility Participating Generator Agreements as provided in Appendices B.2 and B.3, respectively with the CAISO;
- (b) represented UDCs have entered into UDC Operating Agreements as provided in Appendix B.8 with the CAISO;
- (c) represented CAISO Metered Entities have entered into Meter Service Agreements for CAISO Metered Entities as provided in Appendix B.6 with the CAISO;
- (d) none of the Wholesale Customers it will represent are ineligible for wholesale transmission service pursuant to the provisions of the FPA Section 212(h); and
- (e) each End-Use Customer it will represent is eligible for service as a Direct Access End User pursuant to an established program approved by the California Public Utilities Commission or a Local Regulatory Authority.

**4.5.1.1.7 Deficient Application.**

In the event that the CAISO has determined that the application is deficient, the CAISO will send an electronic notification of the deficiency to the Scheduling Coordinator Applicant within ten (10) Business Days of receipt by the CAISO of the application explaining the deficiency and requesting additional information.

**4.5.1.1.7.1 Scheduling Coordinator Applicant's Additional Information.**

Once the CAISO requests additional information, the Scheduling Coordinator Applicant has five (5) Business Days, or such longer period as the CAISO may agree, to provide the additional material requested by the CAISO.

**4.5.1.1.7.2 No Response from Scheduling Coordinator Applicant.**

If the Scheduling Coordinator Applicant does not submit additional information within five (5) Business Days or the longer period referred to in Section 4.5.1.1.7.1, the application may be rejected by the CAISO.

**4.5.1.1.8 CAISO Approval or Rejection of an Application.**

**4.5.1.1.8.1 Approval or Rejection Notification.**

- (a) If the CAISO approves the application, it will send an electronic notification of approval. In addition, the CAISO will provide a Scheduling Coordinator Agreement, a Meter Service Agreement for Scheduling Coordinators as provided in Appendix B.7, if applicable, any other applicable agreements, and any required CAISO network connectivity security agreement for the Scheduling Coordinator Applicant's signature.
- (b) If the CAISO rejects the application, the CAISO will send an electronic notification of rejection stating one or more of the following grounds:
  - (i.) incomplete information;
  - (ii.) non-compliance with credit requirements pursuant to Section 12;
  - (iii.) non-compliance with third party contractual obligations;
  - (iv.) non-compliance with technical requirements; or
  - (v.) non-compliance with any other CAISO Tariff requirements.

Upon request, the CAISO will provide guidance as to how the Scheduling Coordinator Applicant can cure the grounds for the rejection.

**4.5.1.1.8.2 Time for Processing Application.**

The CAISO will make a decision whether to accept or reject the application within ten (10) Business Days of receipt of the application. If more information is requested, the CAISO will make a final decision within ten (10) Business Days of the receipt of all outstanding or additional information requested.

**4.5.1.1.9 Scheduling Coordinator Applicant's Response.**

**4.5.1.1.9.1 Scheduling Coordinator Applicant's Acceptance.**

If the CAISO accepts the application, the Scheduling Coordinator Applicant must return an executed Scheduling Coordinator Agreement, Meter Service Agreement for Scheduling Coordinators, if applicable, any other applicable agreements, and a completed credit application and Financial Security provided pursuant to Section 12, as applicable.

**4.5.1.1.9.2 Scheduling Coordinator Applicant's Rejection.**

**4.5.1.1.9.2.1 Resubmittal.**

If an application is rejected, the Scheduling Coordinator Applicant may resubmit its application at any time. An additional application fee will not be required for the second application submitted within six (6) months after the CAISO's issuance of a rejection notification.

**4.5.1.1.9.2.2 Appeal.**

The Scheduling Coordinator Applicant may also appeal against the rejection of an application by the CAISO. An appeal must be submitted within twenty (20) Business Days following the CAISO's issuance of a notification of rejection of its application.

**4.5.1.1.10 Post Application Procedures Prior to Final Certification.**

**4.5.1.1.10.1 Scheduling Coordinator's Administrative, Financial and Technical Requirements.**

The CAISO will not certify that a Scheduling Coordinator Applicant has become a Scheduling Coordinator until the Scheduling Coordinator Applicant has completed all of the following requirements:

- (a) provided the technical/operational information required to complete the Scheduling Coordinator Application Form as set forth in the applicable Business Practice Manual, and to comply with Section 10.3;
- (b) executed a network connectivity security agreement for access to the CAISO's software used in conducting business with the CAISO and compliance with the CAISO's system security requirements in a form approved by the CAISO, if applicable;
- (c) obtained and installed any required software for functional interface for Validation, Estimation and Editing meter values (VEE), if applicable;
- (d) undertaken required training and testing regarding the use of the CAISO's market, operating, and technical systems, as specified in the applicable Business Practice Manual;
- (e) provided its bank account information and arranged for Fed-Wire transfers;
- (f) provided an emergency plan specifying the procedures by which Scheduling Coordinator operations and contacts with the CAISO will be maintained during an emergency, containing information specified in the applicable Business Practice Manual; and
- (g) obtained and installed a computer link and any necessary software in order to communicate with the CAISO, as specified in the applicable Business Practice Manual.

Additional instructions for completing the foregoing requirements will be set forth in a Business Practice Manual posted on the CAISO Website.

**4.5.1.1.10.2 Application Closure after 12 Months.**

The CAISO will not certify a Scheduling Coordinator Applicant as a Scheduling Coordinator until the Scheduling Coordinator Applicant has completed all of the requirements for certification set forth in this Section 4.5 to the CAISO's satisfaction within twelve (12) months following the CAISO's acceptance of the application for processing. If the Scheduling Coordinator Applicant has not completed all the above referenced requirements within twelve (12) months after the CAISO's acceptance of the application, the CAISO may close the Scheduling Coordinator Applicant's application. The CAISO shall provide the Scheduling Coordinator Applicant thirty (30) days advance notice of its intent to close the application. If the CAISO closes the application, the Scheduling Coordinator Applicant must submit a new application and non-refundable application fee if it continues to request certification as a Scheduling Coordinator.

**4.5.1.1.11 Final Certification of Scheduling Coordinator Applicant.**

The Scheduling Coordinator Applicant will become a Scheduling Coordinator when:

- (a) its application has been accepted;
- (b) it has entered into a Scheduling Coordinator Agreement, a Meter Service Agreement for Scheduling Coordinators, if applicable, and any other applicable agreements with the CAISO;
- (c) it has met the credit requirements of Section 12; and
- (d) it has fulfilled all technical/operational requirements of Sections 4.5.4.1 and 4.5.1.1.10.1.

The CAISO will not certify a Scheduling Coordinator Applicant as a Scheduling Coordinator until the Scheduling Coordinator Applicant has completed all the above referenced requirements to the CAISO's satisfaction, at least ten (10) Business Days before the commencement of service.

**4.5.1.2 Scheduling Coordinator's Ongoing Obligations After Certification.**

**4.5.1.2.1 Scheduling Coordinator's Obligation to Report Changes.**

**4.5.1.2.1.1 Obligation to Report a Change in Filed Information.**

Each Scheduling Coordinator has an ongoing obligation to inform the CAISO of any changes to any of the information submitted by it to the CAISO as part of the application process, including any changes to the additional information requested by the CAISO and including but not limited to changes in its credit ratings. The applicable Business Practice Manual sets forth the procedures for changing the Scheduling Coordinator's information and timing of notifying the CAISO of such changes.

**4.5.1.2.1.2 Obligation to Report a Change in Credit Rating or Material Change in Financial Condition.**

The Scheduling Coordinator has an ongoing obligation to inform the CAISO within three (3) Business Days of any change to its credit ratings or any Material Change in Financial Condition.

**4.5.1.2.2 CAISO's Response for Failure to Inform.**

**4.5.1.2.2.1 Failure to Promptly Report a Material Change.**

If a Scheduling Coordinator fails to inform the CAISO of a material change in its information provided to the CAISO, which may affect the reliability or safety of the CAISO Controlled Grid, or the Financial Security of the CAISO, the CAISO may suspend or terminate the Scheduling Coordinator's rights under the CAISO Tariff in accordance with the terms of Sections 12 and 4.5 respectively. If the CAISO intends to terminate the Scheduling Coordinator's rights it shall file a notice of termination with FERC, if required by FERC rules, in accordance with the terms of the Scheduling Coordinator Agreement. Such termination shall be effective upon acceptance by FERC of a notice of termination, if required by FERC rules, or as otherwise permitted by FERC rules.

**4.5.1.3 Additional Scheduling Coordinator Identification Code Registration.**

A Scheduling Coordinator Applicant is granted one Scheduling Coordinator Identification Code (SCID) with its application fee. Requests may be made for additional Scheduling Coordinator Identification Codes. The fee for each additional Scheduling Coordinator Identification Code is \$500 per month, or as otherwise specified in Schedule 1 of Appendix F.

**4.5.2 Eligible Customers Represented by Scheduling Coordinators.**

Each Scheduling Coordinator shall within ten (10) days of a request by the CAISO provide the CAISO with a list of the Eligible Customers that it represents at the date of the request.

**4.5.3 Responsibilities of a Scheduling Coordinator.**

Each Scheduling Coordinator shall be responsible for:

**4.5.3.1 Obligation to Pay.**

Paying the CAISO's charges in accordance with this CAISO Tariff;

**4.5.3.2 Submit Bids and Interchange Schedules.**

**4.5.3.2.1** Submitting Bids, including Self-Schedules, for Energy in CAISO Markets that relate to the Market Participants for which it serves as Scheduling Coordinator;

**4.5.3.2.2** Submitting Interchange schedules prepared in accordance with all NERC, WECC and CAISO requirements, including providing E-Tags for all applicable transactions pursuant to WECC practices;

**4.5.3.3 Modifications in Demand and Supply.**

Coordinating and allocating modifications in Demand and exports and Generation and imports at the direction of the CAISO in accordance with this CAISO Tariff;

**4.5.3.4 Inter-SC Trades.**

Submitting any applicable Inter-SC Trades that the Market Participants intend to have settled through the CAISO Markets, pursuant to this CAISO Tariff;

**4.5.3.5 Tracking and Settling Trades.**

Tracking and settling all intermediate trades, including bilateral transactions and Inter-SC Trades, among the entities for which it serves as Scheduling Coordinator;

**4.5.3.6 Ancillary Services.**

Providing Ancillary Services in accordance with Section 8;

**4.5.3.7 Annual and Monthly Forecasts.**

Submitting to the CAISO its forecasted monthly and annual peak Demand in the CAISO Balancing Authority Area and/or its forecasted monthly and annual Generation capacity, as applicable; the forecasts shall be submitted to the CAISO electronically on a monthly basis by noon of the 18<sup>th</sup> working day of the month and shall cover a period of twelve (12) months on a rolling basis;

**4.5.3.8 Business Practice Manuals.**

Complying with all CAISO Business Practice Manuals and ensuring compliance by each of the Market Participants which it represents with all applicable provisions of the Business Practice Manuals;

**4.5.3.9 Interruptible Imports.** Identifying any Interruptible Imports included in its Bids or Inter-SC Trades;

**4.5.3.10 Participating Intermittent Resources.**

Submitting Bids, including Self-Schedules, for Participating Intermittent Resources consistent with the CAISO Tariff;

**4.5.3.11 Day-Ahead Market Published Schedules and Awards.**

Starting-up units and timely achieving specified operating levels in response to Dispatch Instructions, in accordance with CAISO published Schedules and awards;

**4.5.3.12 Financial Responsibility.**

Assuming financial responsibility for all Schedules, awards, HASP Intertie Schedules and Dispatch Instructions issued in the CAISO Markets, in accordance with the provisions of this CAISO Tariff; and



**4.5.3.13 Compliance with Environmental Constraints, Operating Permits and Applicable Law.**

Submitting Bids so that any service provided in accordance with such Bids does not violate environmental constraints, operating permits or applicable law. All submitted Bids must reflect resource limitations and other constraints as such are required to be reported to the CAISO Control Center.

**4.5.4 Operations of a Scheduling Coordinator.**

**4.5.4.1 Maintain Twenty-four (24) Hour Scheduling Centers.**

Each Scheduling Coordinator shall operate and maintain a twenty-four (24) hour, seven (7) days per week, scheduling center. Each Scheduling Coordinator shall designate a senior member of staff as its scheduling center manager who shall be responsible for operational communications with the CAISO and who shall have sufficient authority to commit and bind the Scheduling Coordinator.

**4.5.4.2 [NOT USED]**

**4.5.4.3 Dynamic Scheduling.**

Scheduling Coordinators may submit Bids for imports of Energy and Ancillary Services for which associated Energy is delivered from Dynamic System Resources located outside of the CAISO Balancing Authority Area, provided that: (a) such dynamic scheduling is technically feasible and consistent with all applicable NERC and WECC criteria and policies, (b) all operating, technical, and business requirements for dynamic scheduling functionality, as set forth in the Dynamic Scheduling Protocol in Appendix X or posted in standards on the CAISO Website, are satisfied, (c) the Scheduling Coordinator for the Dynamic System Resource executes a Dynamic Scheduling Agreement for Scheduling Coordinators as provided in Appendix B.5 with the CAISO for the operation of dynamic scheduling functionality, and (d) all affected Host Balancing Authorities and Intermediary Balancing Authorities each execute with the CAISO an Interconnected Balancing Authority Area Operating Agreement, a Dynamic Scheduling Host Balancing Authority Operating Agreement as provided in Appendix B.9, or a special operating agreement related to the operation of dynamic functionality.

**4.5.4.4 Termination of Scheduling Coordinator Agreement and Suspension of Certification.**

- (a) A Scheduling Coordinator's Scheduling Coordinator Agreement may be terminated by the CAISO on written notice to the Scheduling Coordinator:
  - (i) if the Scheduling Coordinator no longer meets the requirements for eligibility set out in Section 4.5 and fails to remedy the default within a period of five (5) Business Days after the CAISO has given written notice of the default;
  - (ii) if the Scheduling Coordinator fails to pay any sum under this CAISO Tariff and fails to remedy the default within a period of five (5) Business Days after the CAISO has given written notice of the default;
  - (iii) if the Scheduling Coordinator commits any other default under this CAISO Tariff or any of the CAISO Business Practice Manuals which, if capable of being remedied, is not remedied within thirty (30) days after the CAISO has given it written notice of the default; or
  - (iv) if the Scheduling Coordinator does not participate in the CAISO's markets for Energy or Ancillary Services for a period of twelve (12) consecutive months and fails to comply with the provisions of Section 4.5.4.4.2 within 120 days after the CAISO has given it written notice of the CAISO's intent to terminate its Scheduling Coordinator Agreement.
  
- (b) A Scheduling Coordinator's Scheduling Coordinator Agreement may be terminated by the Scheduling Coordinator on sixty (60) days written notice to the CAISO, provided that such notice shall not be effective to terminate the Scheduling Coordinator Agreement until the Scheduling Coordinator has complied with all applicable requirements of Section 4.5.2.

- (c) The CAISO shall, following termination of a Scheduling Coordinator Agreement and within thirty (30) days of being satisfied that no sums remain owing by the Scheduling Coordinator under the CAISO Tariff, return or release to the Scheduling Coordinator, as appropriate, any money or credit support provided by such Scheduling Coordinator to the CAISO under Section 12.

**4.5.4.4.1** Pending the effective date of termination of service pursuant to Section 4.5.4.5.1, the CAISO will suspend the certification of a Scheduling Coordinator which has received a notice of termination under Section 4.5.4.4(a) and the Scheduling Coordinator will not be eligible to participate in the CAISO's Energy and Ancillary Services markets.

**4.5.4.4.2** A Scheduling Coordinator that has received a notice of the CAISO's intent to terminate its Scheduling Coordinator Agreement for failure to participate in the CAISO's markets for Energy and Ancillary Services for a period of twelve (12) consecutive months pursuant to Section 4.5.4.4(a)(iv) will avoid having its Scheduling Coordinator Agreement terminated and will have its certification reinstated if it completes the testing and training required for Scheduling Coordinator certification as set forth in the applicable Business Practice Manual within 120 days after the CAISO's issuance of the notice of intent to terminate.

**4.5.4.5 Notification of Termination.**

The CAISO shall, promptly after providing written notice of default to a Scheduling Coordinator as specified in Section 4.5.4.4(a), notify the Scheduling Coordinators that could be required to represent End User Eligible Customers of the Scheduling Coordinator under Section 4.5.4.6.2 if the default is not cured. The CAISO shall, as soon as reasonably practicable following the occurrence of any of the events specified in Section 4.5.4.4, notify the Scheduling Coordinator and the Scheduling Coordinators that could be required to represent End User Eligible Customers of the defaulting Scheduling Coordinator, and the UDCs, and shall as soon as reasonably practicable after the issuance of such notice of termination post such notice on the CAISO Website. Termination of the Scheduling Coordinator Agreement will automatically remove the Scheduling Coordinator's certification under Section 4.5 and Section 8.4.

**4.5.4.5.1 Filing of Notice of Termination.**

Any notice of termination given pursuant to Section 4.5.4.4 shall also be filed by the CAISO with FERC, if required by FERC rules, if the non-compliance is not remedied within the period specified in Section 4.5.4.4, and it shall be effective in accordance with FERC rules.

**4.5.4.6 Continuation of Service on Termination.**

**4.5.4.6.1 Option for Eligible Customers to choose a new Scheduling Coordinator.**

When the CAISO suspends the certification of a Scheduling Coordinator pending termination, Eligible Customers of the defaulting Scheduling Coordinator shall be entitled to select another Scheduling Coordinator to represent them. The CAISO will post notice of any suspension on the CAISO Website. Until the CAISO is notified by another Scheduling Coordinator that it represents an Eligible Customer of the defaulting Scheduling Coordinator, the Eligible Customer of the defaulting Scheduling Coordinator will receive interim service in accordance with Section 4.5.4.6.2.

**4.5.4.6.2 Interim Service.**

The CAISO shall maintain a list of Scheduling Coordinators willing to represent Eligible Customers of a defaulting Scheduling Coordinator, which list may be differentiated by UDC service area. Scheduling Coordinators who indicate to the CAISO their desire to be on such list shall be placed thereon by the CAISO in random order.

- (a) When the CAISO suspends the certification of a Scheduling Coordinator in accordance with Section 4.5.4.4.1, Eligible Customers of the defaulting Scheduling Coordinators shall be assigned to all Scheduling Coordinators on the list established pursuant to this Section 4.5.4.6.2 in a non-discriminatory manner to be established by the CAISO, and each Eligible Customer shall thereafter be represented by the Scheduling Coordinator to which it is assigned unless and until it selects another Scheduling Coordinator in accordance with Section 4.5.4.6.1, subject to this Section 4.5.4.6.2 subsection (b).

- (b) Unless the CAISO is notified by another Scheduling Coordinator that it represents an Eligible Customer of a defaulting Scheduling Coordinator within seven (7) days of the notice of termination being posted on the CAISO Website, the Scheduling Coordinator to which that Eligible Customer has been assigned in accordance with subsection (a) may establish a reasonable minimum period for service, not to exceed thirty (30) days.
- (c) In the event no Scheduling Coordinator indicates its willingness to represent Eligible Customers of a defaulting Scheduling Coordinator, the UDC that has the obligation to serve End-Use Customers of the Eligible Customer, if any, shall arrange to serve those End-Use Customers of such Eligible Customers that are located within the service area of the UDC. Such service will be provided in a manner consistent with that which the UDC provides, pursuant to the rules and tariffs of the Local Regulatory Authority, for its bundled End-Use Customers.
- (d) This Section shall not in any way require a UDC to provide or arrange for Scheduling Coordinator service for wholesale Eligible Customers.

#### **4.6 Relationship Between CAISO and Generators.**

The CAISO shall not accept Bids for any Generating Unit interconnected to the CAISO Controlled Grid, or to the Distribution System of a Participating TO or of a UDC otherwise than through a Scheduling Coordinator. The CAISO shall further not be obligated to accept Bids from Scheduling Coordinators relating to Generation from any Generating Unit interconnected to the CAISO Controlled Grid unless the relevant Generator undertakes in writing, by entering into a Participating Generator Agreement or QF PGA with the CAISO, to comply with all applicable provisions of this CAISO Tariff as they may be amended from time to time, including, without limitation, the applicable provisions of this Section 4.6 and Section 7.7.

**4.6.1 General Responsibilities.**

**4.6.1.1 Operate Pursuant to Relevant Provisions of CAISO Tariff.**

Participating Generators shall operate, or cause their facilities to be operated, in accordance with the relevant provisions of this CAISO Tariff, including, but not limited to, the operating requirements for normal and emergency operating conditions specified in Section 7 and the requirements for the dispatch and testing of Ancillary Services specified in Section 8.

- (i) Each Participating Generator shall immediately inform the CAISO, through its respective Scheduling Coordinator, of any change or potential change in the current status of any Generating Units that are under the Dispatch control of the CAISO. This will include, but not be limited to, any change in status of equipment that could affect the maximum output of a Generating Unit, the minimum load of a Generating Unit, the ability of a Generating Unit to operate with automatic voltage regulation, operation of the PSSs (whether in or out of service), the availability of a Generating Unit governor, or a Generating Unit's ability to provide Ancillary Services as required. Each Participating Generator shall immediately report to the CAISO, through its Scheduling Coordinator, any actual or potential concerns or problems that it may have with respect to Generating Unit direct digital control equipment, Generating Unit voltage control equipment, or any other equipment that may impact the reliable operation of the CAISO Controlled Grid.

- (ii) In the event that a Participating Generator cannot meet its Generation schedule as specified in the Day-Ahead Schedule, or comply with a Dispatch Instruction, whether due to a Generating Unit trip or the loss of a piece of equipment causing a reduction in capacity or output, the Participating Generator shall notify the CAISO, through its Scheduling Coordinator, at once. If a Participating Generator will not be able to meet a time commitment or requires the cancellation of a Generating Unit Start-Up, it shall notify the CAISO, through its Scheduling Coordinator, at once.

**4.6.1.2 Operate Pursuant to Relevant Operating Procedures.**

Participating Generators shall operate, or cause their Generating Units and associated facilities to be operated, in accordance with the relevant Operating Procedures and Business Practice Manuals established by the CAISO or, prior to the establishment of such procedures, the Operating Procedures established by the TO or UDC owning the facilities that interconnect with the Generating Unit of the Participating Generator.

**4.6.2 [NOT USED]**

**4.6.3 Participating Generators Connected to UDC Systems, Regulatory Must-Take Generation, and Qualifying Facilities.**

With regard to any Generating Unit directly connected to a UDC system, a Participating Generator shall comply with applicable UDC tariffs, interconnection requirements and generation agreements. With regard to a Participating Generator's Generating Units directly connected to a UDC system, the CAISO and the UDC will coordinate to develop procedures to avoid conflicting CAISO and UDC operational directives. With regard to Regulatory Must-Take Generation, the CAISO will honor applicable terms and conditions of existing agreements, including Existing QF Contracts, as specified in Section 4.6.3.2. Qualifying Facilities that are not Regulatory Must-Take Generation subject to an Existing QF Contract shall comply with the requirements applicable to Participating Generators, as specified in Section 4.6.3.3.

**4.6.3.1 Exemption for Generating Units Less Than One (1) MW.**

A Generator with a Generating Unit directly connected to a UDC system will be exempt from compliance with this Section 4.6 and Section 10.1.3 in relation to that Generating Unit provided that (i) the rated capacity of the Generating Unit is less than one (1) MW, and (ii) the Generator does not use the Generating Unit to participate in the CAISO Markets. This exemption in no way affects the calculation of or any obligation to pay the appropriate charges or to comply with all the other applicable Sections of this CAISO Tariff.

**4.6.3.2 Existing Agreements for Regulatory Must-Take Generation.**

Notwithstanding any other provision of this CAISO Tariff, the CAISO shall discharge its responsibilities in a manner that honors any contractual rights and obligations of the parties to existing agreements, including Existing QF Contracts, or final regulatory treatment, relating to Regulatory Must-Take Generation of which protocols or other instructions are notified in writing to the CAISO from time to time and on reasonable notice.

**4.6.3.3 Qualifying Facilities without Existing QF Contracts.**

The owner or operator of a Qualifying Facility that is not subject to an Existing QF Contract that the CAISO is required to honor pursuant to Section 4.6.3.2 shall be subject to all requirements applicable to Participating Generators pursuant to Section 4.6. The owner or operator of the Qualifying Facility may satisfy the requirements of this Section 4.6.3.3 by entering into a Qualifying Facility Participating Generator Agreement (QF PGA) with the CAISO, in which case it shall comply with the provisions of the QF PGA and Section 4.6.3.4. In order to be eligible to enter into the QF PGA, a Participating Generator must demonstrate to the CAISO that its Generating Unit has established QF status pursuant to PURPA and that (a) the Self-provided Load of the Participating Generator that is served by the QF either has contracted for and continues through the term of the QF PGA to have secured standby service from a UDC or MSS Operator under terms approved by the Local Regulatory Authority or FERC, as applicable, or (b) the Self-provided Load is curtailed concurrently with any Outage of the Generation serving that Self-provided Load in an amount sufficient to cover that Outage.



**4.6.3.4 Participating Generator with a QF PGA.**

A Participating Generator that is eligible for and has entered into a Qualifying Facility Participating Generator Agreement shall be subject to the provisions of this Section 4.6.3.4, as reflected in the terms of the QF PGA.

**4.6.3.4.1 Revenue Metering for a QF Subject to a QF PGA.**

In accordance with the terms of the QF PGA and Section 10.1.3.3, a Participating Generator that has entered into a QF PGA may net the revenue metering value for the Generation produced by each Net Scheduled QF listed in the QF PGA and the revenue metering value for the Demand of the Self-provided Load that is (i) served by the Net Scheduled QF and (ii) electrically located on the same side of the Point of Demarcation.

**4.6.3.4.2 Telemetry for a QF Subject to a QF PGA.**

A Participating Generator that has entered into a QF PGA may satisfy the provisions of Section 7.6.1(d) for the installation of telemetry by installing telemetry at the Point of Demarcation for the purpose of recording the net impact of the Net Scheduled QF upon the CAISO Controlled Grid; provided that the installed telemetry satisfies the technical, functional, and performance requirements for telemetry set forth in the CAISO Tariff and the applicable Business Practice Manual.

**4.6.3.4.3 Market and Settlement Processes for a QF Subject to a QF PGA.**

For bidding, scheduling, billing, and Settlement purposes regarding the Net Scheduled QF Self-provided Load of a Participating Generator that has entered into a QF PGA, measurements of Generation or Demand of the Net Scheduled QF shall be made at the Point of Demarcation. In all other respects, the Generation and Load of the Net Scheduled QF shall be subject to the applicable provisions of the CAISO Tariff regarding bidding, scheduling, billing, and Settlements.

**4.6.3.4.4 Operating Requirements for a QF Subject to a QF PGA.**

A Participating Generator that has entered into a QF PGA shall abide by CAISO Tariff provisions regarding the CAISO's ability to dispatch or curtail Generation from the Net Scheduled QF(s) listed in its QF PGA. The CAISO shall only dispatch or curtail a Net Scheduled QF of the Participating Generator: (a) to the extent the Participating Generator bids Energy or Ancillary Services from the Net Scheduled QF into the CAISO Markets or the Energy is otherwise available to the CAISO under Section 40, subject to the restrictions on operating orders set forth below; or (b) if the CAISO must dispatch or curtail the Net Scheduled QF in order to respond to an existing or imminent System Emergency or condition that would compromise CAISO Balancing Authority Area integrity or reliability as provided in Sections 7 and 7.6.1.

The CAISO will not knowingly issue an operating order to a Participating Generator that has entered into a QF PGA that: (1) requires a Participating Generator to reduce its Generation below the delineated minimum operating limit, other than in a System Emergency; (2) conflicts with operating instructions provided to the CAISO by the Participating Generator; or (3) results in damage to the Participating Generator's equipment, provided that any such equipment limitation has been provided to the CAISO and incorporated in the Participating Generator's operating instructions provided to the CAISO. If the Participating Generator: (1) receives a Schedule which requires operation below the minimum operating limit, and (2) deviates from that Schedule to continue to operate at the minimum operating limit, it will not be subject to any penalties or sanctions as a result of operating at the minimum operating limit. The Participating Generator's consequences for deviating from Schedules in Real-Time will be governed by the CAISO Tariff.

The CAISO shall have the authority to coordinate and approve Generation Outage schedules for the Generating Unit(s) listed in a QF PGA, in accordance with the provisions of Section 9.

**4.6.4 Identification of Generating Units.**

Each Participating Generator shall provide data identifying each of its Generating Units and such information regarding the capacity and the operating characteristics of the Generating Unit as may be reasonably requested from time to time by the CAISO. All information provided to the CAISO regarding the operational and technical constraints in the Master File shall be accurate and actually based on physical characteristics of the resources except for the Pump Ramping Conversion Factor, which is configurable.

**4.6.5 WECC Requirements.**

**4.6.5.1 Participating Generator Performance Standard.**

Participating Generators shall, in relation to each of their Generating Units, meet all applicable WECC standards including any standards regarding governor response capabilities, use of power system stabilizers, voltage control capabilities and hourly Energy delivery. Unless otherwise agreed by the CAISO, a Generating Unit must be capable of operating at capacity registered in the CAISO Controlled Grid interconnection data, and shall follow the voltage schedules issued by the CAISO from time to time.

**4.6.5.2 Reliability Criteria.**

Participating Generators shall comply with the requirements of the WSCC Reliability Criteria Agreement, including the applicable WSCC Reliability Criteria set forth in Section IV of Annex A thereof. In the event that a Participating Generator fails to comply, it will be subject to the sanctions applicable to such failure. Such sanctions shall be assessed pursuant to the procedures contained in the WSCC Reliability Criteria Agreement. Each and all of the provisions of the WSCC Reliability Criteria Agreement are hereby incorporated by reference into this Section 4.6.5.2 as though set forth fully herein, and Participating Generators shall for all purposes be considered Participants as defined in that Agreement, and shall be subject to all of the obligations of Participants, under and in connection with the WSCC Reliability Criteria Agreement. The Participating Generators shall copy the CAISO on all reports supplied to the WECC in accordance with Section IV of Annex A of the WSCC Reliability Criteria Agreement.

**4.6.5.3 Payment of Sanctions.**

Each Participating Generator shall be responsible for payment directly to the WECC of any monetary sanction assessed against that Participating Generator by the WECC pursuant to the WSCC Reliability Criteria Agreement. Any such payment shall be made pursuant to the procedures specified in the WSCC Reliability Criteria Agreement.

**4.6.6 Forced Outages.**

Procedures equivalent to those set out in Section 9.3 shall apply to all Participating Generators in relation to Forced Outages.

**4.6.7 Recordkeeping; Information Sharing.**

**4.6.7.1 Requirements for Maintaining Records.**

Participating Generators shall provide to the CAISO such information and maintain such records as are reasonably required by the CAISO to plan the efficient use and maintain the reliability of the CAISO Controlled Grid.

**4.6.7.2 Providing Information to Generators.**

The CAISO shall provide to any Participating Generator, upon its request, copies of any operational assessments, studies or reports prepared by or for the CAISO (unless such assessments studies or reports are subject to confidentiality rights or any rule of law that prohibits disclosure) concerning the operations of such Participating Generator's Generating Units, including, but not limited to, reports on major Generation Outages, Available Transfer Capability, and Congestion.

**4.6.7.3 Preparation of Reports on Major Incidents.**

In preparing any report on a major incident the CAISO shall have due regard to the views of any Participating Generator involved or materially affected by such incident.

**4.6.8 Sharing Information on Reliability of CAISO Controlled Grid.**

The CAISO and each Participating Generator shall have the obligation to inform each other, as promptly as possible, of any circumstance of which it becomes aware (including, but not limited to, abnormal temperatures, storms, floods, earthquakes, and equipment depletions and malfunctions and deviations from the Registered Data and operating characteristics) that is reasonably likely to threaten the reliability of the CAISO Controlled Grid or the integrity of the Participating Generator's facilities. The CAISO and each Participating Generator shall also inform the other as promptly as possible of any incident of which it becomes aware (including, but not limited to, equipment Outages, over-loads or alarms) which, in the case of a Participating Generator, is reasonably likely to threaten the reliability of the CAISO Controlled Grid or, in the case of the CAISO, is reasonably likely to adversely affect the Participating Generator's facilities. Such information shall be provided in a form and content which is reasonable in all the circumstances and sufficient to provide timely warning to the other party of the potential impact.

**4.6.9 Access Right.**

A Participating Generator shall, at the request of the CAISO and upon reasonable notice, provide access to its facilities and records (including those relating to communications, telemetry and direct control requirements) as necessary to permit the CAISO or a CAISO approved meter inspector to perform such testing as is necessary (i) to test the accuracy of any meters upon which the Participating Generator's compensation is based, or performance is measured, (ii) to test the Participating Generator's compliance with any performance standards pursuant to Section 4.6.5, or (iii) to obtain information relative to a Forced Outage, or (iv) for Participating Intermittent Resources, to ensure compliance with provisions relating to the Participating Intermittent Resource Export Fee.

**4.7 Relationship Between CAISO and Participating Loads.**

The CAISO shall only accept Bids for Supply of Energy or Ancillary Services or Submissions to Self-Provide Ancillary Services from Loads if such Loads are those of a Participating Load that has entered into a Participating Load Agreement with the CAISO and which meet standards adopted by the CAISO and published on the CAISO Website. The CAISO shall not accept submitted Bids for Supply of Energy or Ancillary Services from a Participating Load other than through a Scheduling Coordinator.

**4.8 Relationship Between CAISO and Eligible Intermittent Resources and Between the CAISO and Participating Intermittent Resources.**

The CAISO shall not accept Bids for an Eligible Intermittent Resource other than through a Scheduling Coordinator. Any Eligible Intermittent Resource that is not a Participating Intermittent Resource, or any Participating Intermittent Resource for which Bids are submitted shall be bid and settled as a Generating Unit for the associated Settlement Periods (except that the Forecast Fee shall apply in such Settlement Periods).

**4.9 Metered Subsystems.**

**4.9.1 General Nature of Relationship Between CAISO and MSS.**

**4.9.1.1** An entity that is determined by the CAISO to qualify as a Metered Subsystem and that undertakes in writing, by entering into a Metered Subsystem Agreement with the CAISO, to comply with all applicable provisions of the CAISO Tariff as specified in that MSS Agreement as they may be amended from time to time, including, without limitation, the applicable provisions of this Section 4.9, shall be considered an MSS Operator and shall have the rights and obligations set forth in this Section 4.9. The CAISO shall not be obligated to accept Bids that would require Energy to be transmitted to or from a Metered Subsystem unless the MSS Agreement of the MSS Operator of the Metered Subsystem has become effective.

**4.9.2 Coordination of Operations.**

Each MSS Operator shall operate its MSS at all times in accordance with Good Utility Practice and Applicable Reliability Criteria, including WECC and NERC criteria, and in a manner which ensures safe and reliable operation. All information pertaining to the physical state or operation, maintenance and failure of the MSS affecting the operation of the CAISO Balancing Authority Area that is made available to the CAISO by the MSS Operator shall also be made available to Scheduling Coordinators, provided that the CAISO shall provide reasonable notice to the MSS Operator. The CAISO shall not be required to make information available to the MSS Operator other than information that is made available to Scheduling Coordinators.

**4.9.3 Coordinating Maintenance Outages of MSS Facilities.**

Each MSS Operator shall make appropriate arrangements to coordinate Outages of Generating Units. Each MSS Operator shall make appropriate arrangements to coordinate Outages of transmission facilities forming part of its MSS that will have an effect, or are reasonably likely to have an effect, on any interconnection between the MSS and the system of a Participating TO, prior to the submission by that Participating TO of its Maintenance Outage requirements under Section 9.3. The CAISO will coordinate Outages of other Participating TOs transmission facilities that may affect the MSS.

**4.9.4 MSS Operator Responsibilities.**

The MSS Operator's MSS Agreement with the CAISO shall obligate the MSS Operator to comply with all provisions of the CAISO Tariff, as amended from time to time, applicable to the UDCs, including, without limitation, the applicable provisions of Section 4.4 and Section 7.7. In addition, recognizing the CAISO's responsibility to promote the efficient use and reliable operation of the CAISO Controlled Grid and the CAISO Balancing Authority Area consistent with the Applicable Reliability Criteria, each MSS Operator shall:

**4.9.4.1** operate and maintain its facilities, in accordance with applicable safety and reliability standards, regulatory requirements, applicable operating guidelines, applicable rates, tariffs, statutes and regulations governing their provision of service to their End-Use Customers and Good Utility Practice so as to avoid any material adverse impact on the CAISO Controlled Grid, it being understood that, if the MSS Operator does not so operate and maintain its facilities and the CAISO concludes, after notice is provided to the MSS Operator, that such failure impairs or threatens to impair the reliability of the CAISO Controlled Grid, the CAISO may suspend MSS status, in accordance with this Section 4.9, until the MSS Operator demonstrates the ability and willingness to so operate and maintain its facilities;

**4.9.4.2** provide the CAISO Outage Coordination Office each year with a schedule of upcoming maintenance of facilities forming part of the MSS that will affect or is reasonably likely to affect the CAISO Controlled Grid in accordance with Section 9.3.6;

**4.9.4.3** coordinate with the CAISO, Participating TOs and Generators to ensure that CAISO Controlled Grid Critical Protective Systems, including relay systems, are installed and maintained in order to function on a coordinated and complementary basis with the protective systems of the MSS, Participating TOs and Generators and notify the CAISO as soon as is reasonably possible of any condition of which it becomes aware that may compromise the CAISO Controlled Grid Critical Protective Systems;

**4.9.4.4** be responsible for any Reliability Must-Run Generation and Voltage Support required for reliability of the MSS, including the responsibility for any costs of such Reliability Must-Run Generation, and Voltage Support and may satisfy this requirement through Generating Units owned by the MSS Operator or under contract to the MSS Operator;

**4.9.4.5** be responsible for Black Start requirements for reliability of the MSS, however, if the MSS Operator can self-provide this requirement, the MSS Operator shall not pay its pro rata share of the Black Start requirement in accordance with Section 11; and



**4.9.4.6** be responsible for Congestion Management and transmission line Outages within or at the boundary of the MSS, and all associated costs of actions the MSS Operator has to take to resolve such Congestion internal to the MSS and not be responsible for Congestion Management elsewhere except to the extent that a Scheduling Coordinator is delivering Energy, Ancillary Services, or RUC Capacity to or from the MSS. An MSS Operator must notify and communicate with the CAISO regarding transmission line Outages to the extent such Outages impact the CAISO Controlled Grid.

**4.9.5 Scheduling by or on behalf of a MSS Operator.**

All Bids, including but not limited to Self-Schedules, submitted on behalf of an MSS Operator for the delivery of Energy and Ancillary Services to Loads connected to the MSS and for the delivery of Energy and Ancillary Services from Generating Units forming part of the MSS or System Units shall be submitted by a Scheduling Coordinator that complies with all applicable provisions of the CAISO Tariff, which Scheduling Coordinator may be the MSS Operator, provided that the MSS Operator complies with all applicable requirements for Scheduling Coordinators. A Scheduling Coordinator shall separately identify Bids that it submits on behalf of an MSS Operator.

**4.9.5.1** Without limiting the foregoing, the Scheduling Coordinator for the MSS must submit gross generation information for the System Unit, Generating Unit, and information regarding imports, exports and Gross Loads to the CAISO in the format and in accordance with the timelines applicable to other Scheduling Coordinators.

**4.9.5.2** The Scheduling Coordinator for the MSS will designate, in discrete quantities and with prices for both Ancillary Services and Energy: (1) Bids in the Day-Ahead Market and HASP (including Bids for internal Generation and internal Demand within the MSS), (2) Submissions to Self-Provide Ancillary Services or Bids for Regulation, Spinning Reserve, and Non-Spinning Reserve, capacity and associated Bid for Energy, or (3) any feasible combination thereof.

**4.9.5.3 MSS Demand Forecast.**

The Scheduling Coordinator for the MSS shall provide CAISO with Demand forecasts of the MSS. To the extent that the Scheduling Coordinator does not provide requisite Demand Forecast for the MSS it represents, the CAISO shall produce a Demand Forecast for each MSS Load Take-Out Point.

**4.9.6 System Emergencies.**

**4.9.6.1** The CAISO has authority to suspend MSS control and direct, via communications with the MSS Operator, the operation of Generating Units within the MSS, including Generating Units that may comprise a System Unit, if such control is necessary to maintain CAISO Controlled Grid reliability.

**4.9.6.2** If Load Shedding is required to manage System Emergencies, the CAISO will determine the amount and location of Load to be reduced pursuant to Section 7.7.5.1 and 7.7.5.2. Each MSS Operator shall be responsible for notifying its customers and Generators connected to its system of curtailments and service interruption.

**4.9.6.3 System Emergency Reports: MSS Obligations.**

**4.9.6.3.1** Each MSS Operator shall maintain all appropriate records pertaining to a System Emergency.

**4.9.6.3.2** Each MSS Operator shall cooperate with the CAISO in the preparation of an Outage review pursuant to Section 7.7.13.

**4.9.7 Coordination of Expansion or Modifications to MSS Facilities.**

Each MSS Operator and any Participating TO with which its system is interconnected, if applicable, shall coordinate in the planning and implementation of any expansion or modifications of a MSS's or Participating TO's system that will affect their transmission interconnection, the CAISO Controlled Grid or the transmission services to be required by the MSS Operator. The MSS Operator and any Participating TO with which the MSS is interconnected shall be responsible for coordinating with the CAISO.

**4.9.8 Ancillary Services Obligations for MSS.**

**4.9.8.1** Ancillary Services Obligations will be allocated to the Scheduling Coordinator bidding or scheduling Load within a MSS in accordance with the CAISO Tariff. The CAISO shall have the right to call upon the Self-Provided Ancillary Service of a Scheduling Coordinator for an MSS or procured by the CAISO from such Scheduling Coordinator in accordance with the CAISO Tariff. The Scheduling Coordinator representing the MSS Operator may provide a Submission to Self-Provide an Ancillary Service or bid (including self-provide) Ancillary Services from a System Unit or from individual Generating Units or Participating Loads in the MSS. Alternatively, the Scheduling Coordinator representing the MSS may purchase Ancillary Services from the CAISO or third parties to meet all or part of its Ancillary Services Obligations in accordance with the CAISO Tariff.

**4.9.8.2** If the MSS Operator desires to follow internal Load with a System Unit or Generating Units in the MSS, and also to provide Regulation to the CAISO, the MSS must provide adequate telemetry consistent with the CAISO Tariff and all applicable standards to allow performance in response to CAISO AGC signals to be measured at the interconnection of the MSS to the CAISO Controlled Grid.

**4.9.9 [NOT USED]**

**4.9.10 Information Sharing.**

**4.9.10.1 System Planning Studies and Forecasts.**

The CAISO, the MSS Operator and Participating TOs shall share information such as projected Load growth and system expansions necessary to conduct necessary system planning studies to the extent that these may impact the operation of the CAISO Balancing Authority Area. Each MSS Operator shall provide to the CAISO annually its ten-year forecasts of Demand growth, internal Generation, and expansion of or replacement for any transmission facilities that are part of the MSS that will or may significantly affect any point of interconnection between the MSS and the CAISO Controlled Grid. Such forecasts shall be provided on the date that UDCs are required to submit forecasts to the CAISO under Section 4.4.5.1. Each MSS Operator or each Scheduling Coordinator for an MSS Operator shall also submit weekly and monthly peak Demand Forecasts in accordance with the CAISO's Business Practice Manuals.

**4.9.10.2 System Surveys and Inspections.**

The CAISO and each MSS Operator shall cooperate with each other in performing system surveys and inspections to the extent these relate to the operation of the CAISO Balancing Authority Area.

**4.9.10.3 Reports.**

**4.9.10.3.1** The CAISO shall make available to each MSS Operator any public annual reviews or reports regarding performance standards, measurements and incentives relating to the CAISO Controlled Grid and shall also make available, upon reasonable notice, any such reports that the CAISO receives from Participating TOs. Each MSS Operator shall make available to the CAISO any public annual reviews or reports regarding performance standards, measurements and incentives relating to the MSS's Distribution System to the extent these relate to the operation of the CAISO Controlled Grid.

**4.9.10.3.2** The CAISO and the MSS Operators shall develop an operating procedure to record requests received for Maintenance Outages by the CAISO and the completion of the requested maintenance and turnaround times.

**4.9.10.3.3** Each MSS Operator shall promptly provide such information as the CAISO may reasonably request concerning the MSS Operator's operation of the MSS to enable the CAISO to meet its responsibility under the CAISO Tariff to conduct reviews and prepare reports following major Outages. Where appropriate, the CAISO will provide appropriate assurances that the confidentiality of commercially sensitive information shall be protected. The CAISO shall have no responsibility to prepare reports on Outages that affect customers on the MSS, unless the Outage also affects customers connected to the system of another entity within the CAISO Balancing Authority Area. The MSS Operator shall be solely responsible for the preparation of any reports required by any governmental entity or the WECC with respect to any Outage that affects solely customers on the MSS.

**4.9.10.3.4 Reliability Information.**

Each MSS Operator shall inform the CAISO, and the CAISO shall inform each MSS Operator, in each case as promptly as possible, of any circumstance of which it becomes aware (including, but not limited to, abnormal temperatures, storms, floods, earthquakes, and equipment depletions and malfunctions and deviations from Registered Data and operating characteristics) that is reasonably likely to threaten the reliability of the CAISO Controlled Grid or the integrity of the MSS respectively. Each MSS Operator and the CAISO each shall also inform the other as promptly as possible of any incident of which it becomes aware (including, but not limited to, equipment Outages, over-loads or alarms) which, in the case of the MSS Operator, is reasonably likely to threaten the reliability of the CAISO Controlled Grid, or, in the case of the CAISO, is reasonably likely to adversely affect the MSS. Such information shall be provided in a form and content which is reasonable in all the circumstances, sufficient to provide timely warning to the entity receiving the information of the threat and, in the case of the CAISO, not unduly discriminatory with respect to the CAISO's provision of similar information to other entities.

**4.9.10.3.5 Forms.**

The CAISO shall, in consultation with MSS Operators, jointly develop and, as necessary, revise, any necessary forms and procedures for collection, study, treatment, and transmittal of system data, information, reports and forecasts.

**4.9.10.4** Each MSS Operator shall provide to the CAISO information as provided in Section 36.8.5.2 that enables the CAISO to perform transfers of CRRs to reflect Load Migration in a timely manner as required in Section 36.8.5.

**4.9.11 Installation of and Rights of Access to MSS Facilities.**

**4.9.11.1 Installation of Facilities.**

**4.9.11.1.1 Meeting Service Obligations.**

The CAISO and each MSS Operator shall each have the right, if mutually agreed, on reasonable notice to install or to have installed equipment (including metering equipment) or other facilities on the property of the other, to the extent that such installation is necessary for the installing party to meet its service obligations unless to do so would have a negative impact on the reliability of the service provided by the party owning the property.

**4.9.11.1.2 Governing Agreements for Installations.**

The CAISO and the MSS Operator shall enter into agreements governing the installation of equipment or other facilities containing customary and reasonable terms and conditions.

**4.9.11.2 Access to Facilities.**

Each MSS Operator shall grant the CAISO reasonable access to MSS facilities free of charge for purposes of inspection, repair, maintenance, or upgrading of facilities installed by the CAISO on the MSS's system, provided that the CAISO must provide reasonable advance notice of its intent to access MSS facilities. Such access shall not be provided unless the parties mutually agree to the date, time and purpose of each access. Agreement on the terms of the access shall not be unreasonably withheld.

**4.9.11.3 Access During Emergencies.**

Notwithstanding any provision in this Section 4.9, the CAISO may have access, without giving prior notice, to any MSS Operator's equipment or other facilities during times of a System Emergency or where access is needed in connection with an audit function.

**4.9.12 MSS System Unit.**

**4.9.12.1** A MSS Operator may aggregate one or more Generating Units and/or Participating Loads as a System Unit. A System Unit must be modeled as an aggregated Generating Unit and must provide a set of Generation Distribution Factors. Except as specifically provided in the MSS Agreement referred to in Section 4.9.1.1, all provisions of the CAISO Tariff applicable to Participating Generators and to Generating Units (and, if the System Unit includes a Load, to Participating Loads), shall apply fully to the System Unit and the Generating Units and/or Loads included in it. The MSS Operator's MSS Agreement with the CAISO in accordance with Section 4.9.1.1 shall obligate the MSS Operator to comply with all provisions of the CAISO Tariff, as amended from time to time, applicable to the System Unit, including, without limitation, the applicable provisions of Sections 4.6.1 and 7.7. In accordance with Section 7.6.1, the CAISO will obtain control over the System Unit, not the individual Generating Unit, except for Regulation, to comply with Section 4.6.

**4.9.12.2** Without limiting the generality of Section 4.9.12.1, a MSS Operator that owns or has an entitlement to a System Unit:

**4.9.12.2.1** is required to have a direct communication link to the CAISO's EMS satisfying the requirements applicable to Generating Units owned by Participating Generators, or Participating Loads, as applicable, for the System Unit and the individual resources that make up the System Unit;

**4.9.12.2.2** shall provide resource-specific information regarding the Generating Units and Loads comprising the System Unit to the CAISO through telemetry to the CAISO's EMS;

**4.9.12.2.3** shall obtain CAISO certification of the System Unit's Ancillary Service capabilities in accordance with Sections 8.4 and 8.9 before the Scheduling Coordinator representing the MSS may self-provide its Ancillary Service Obligations or bid into the CAISO Markets from that System Unit;

**4.9.12.2.4** shall provide the CAISO with control over the AGC of the System Unit, if the System Unit is supplying Regulation to the CAISO or is designated to self-provide Regulation; and

**4.9.12.2.5** shall install CAISO certified meters on each individual resource or facility that is aggregated to a System Unit.

**4.9.12.3** Subject to Section 4.9.12.4, the CAISO shall have the authority to exercise control over the System Unit to the same extent that it may exercise control pursuant to the CAISO Tariff over any other Participating Generator, Generating Unit or, if applicable, Participating Load, but the CAISO shall not have the authority to direct the MSS Operator to adjust the operation of the individual resources that make up the System Unit to comply with directives issued with respect to the System Unit.

**4.9.12.4** When and to the extent that Energy from a System Unit is self-scheduled to provide for the needs of Loads within the MSS and is not being bid to the CAISO Markets, the CAISO shall have the authority to dispatch the System Unit only to avert or respond to a circumstance described in the third sentence of Section 7.6.1 or, pursuant to Section 7.7.2.3, to a System Emergency.

**4.9.13 MSS Elections and Participation in CAISO Markets.**

MSS Operators must make an election or choice on four (4) issues that govern the manner in which the MSS participates in the CAISO Markets. The MSS Operator must choose either: (i) net Settlements or gross Settlements, (ii) to Load follow or not Load follow with its generating resources, (iii) to have its Load participate in the RUC procurement process or not have its Load participate in the RUC procurement process; and (iv) whether or not to charge the CAISO for their Emissions Costs as provided in Section 11.7.4. The MSS Operator shall make annual elections regarding these four (4) sets of options pursuant to the timeline specified for such elections in the Business Practice Manuals.

The default for the first twelve months after this Section 4.9.13 and Section 36 become effective shall be: 1) non Load following; 2) gross Settlement; and 3) to opt-in to the RUC procurement process. In subsequent years, the prior year election will be the default if the MSS Operator does not make a timely election, unless the MSS Operator has been found to have violated Load following or RUC opt out requirements and is no longer eligible for making such elections. If the MSS Operator fails to elect net Settlement as specified in Section 11.2.3.2, the default mechanism for all MSS Settlements shall be gross Settlement as specified in Section 11.2.3.1.



The Load following, net or gross Settlement, and RUC procurement elections of an MSS Operator change certain aspects of, but do not preclude, the participation of the MSS in the CAISO Markets. An MSS Operator may: (i) bid to supply Energy to, or purchase Energy from, the CAISO Markets, (ii) bid to provide available capacity in RUC, and (iii) bid or make a Submission to Self-Provide an Ancillary Service from a System Unit or from individual Generating Units or Participating Loads within the MSS. An MSS Operator also may purchase Ancillary Services from CAISO or third parties to meet its Ancillary Service Obligations under the CAISO Tariff.

**4.9.13.1 Gross or Net Settlement.**

An MSS Operator has the option to settle with the CAISO on either a gross basis or a net basis for its Load and generating resources. This election shall be made annually for a period consistent with annual CRR Allocation. If the MSS Operator elects net Settlement, then CRRs would be allocated on MSS net Load and the MSS may choose the MSS LAP as its CRR Sink in the first tiers of CRR Allocation. If the MSS Operator elects gross Settlement, then CRRs would be allocated on a gross Load basis and the MSS may not choose the MSS LAPs as its CRR Sink in the first tiers of CRR Allocation.

**4.9.13.2 Load-Following or Non Load-Following Election.**

The MSS Operator has the option to elect to operate a System Unit of Generating Units in the MSS to follow its Load, provided that: (a) the Scheduling Coordinator for the MSS Operator shall remain responsible for purchases of Energy in accordance with the CAISO Tariff if the MSS Operator does not operate its System Unit or Generating Units and bid or schedule imports into the MSS, to match the metered Demand in the MSS and exports from the MSS; and (b) if the deviation between Generation and imports into the MSS and metered Demand and exports from the MSS exceeds the MSS Deviation Band, then the Scheduling Coordinator for the MSS Operator shall pay the additional amounts specified in Section 11.7. If an MSS Operator elects Load-following and net Settlements, all generating resources

within the MSS must be designated as Load-following resources. If an MSS Operator elects Load-following and gross Settlements, generating resources within the MSS can be designated as either Load-following or non Load-following resources. Consistent with these requirements, the MSS Operator may also modify the designation of generating resources within the MSS within the timing requirements specified for such Master File changes as described in the Business Practice Manuals.

If the MSS Operator has elected gross Settlement and is a Load-following MSS: (i) it must designate in the Master File which of its generating resources are Load-following resources, (ii) it must comply with the additional bidding requirements in Section 30.5.2.5, and (iii) the generation resources designated as Load-following resources cannot set Real-Time prices. However, Load-following resources will be eligible to receive Bid Cost Recovery to ensure that the price paid for Energy dispatched by the CAISO is not less than the MSS Operator's accepted Bid price. Bid Cost Recovery for a Load-following MSS resource is only applicable to generation capacity provided to the CAISO Markets by that MSS resource and is not applicable for the generating capacity that is designated or used by an MSS Operator to follow its own Load.

An MSS Operator may designate RMR Units as Load-following. Load-following RMR Units must be available to the CAISO for Dispatch up to the Maximum Net Dependable Capacity specified in the RMR Contract. Energy delivered in response to an RMR Dispatch shall be accounted for as a delivery from the MSS to the CAISO for the purposes of determining if the MSS Operator followed its metered Demand and exports from the MSS as described in this Section 4.9.13.2 except that Energy from an RMR Unit in a Day-Ahead Schedule can be used for Load-following to satisfy Day-Ahead scheduled Demand like any other non-RMR Unit Load-following resource. If no RMR Dispatch is received for a Load-following RMR Unit, such Load-following RMR Unit may participate in the CAISO Markets as any other non-RMR Unit Load-following resource subject to Section 30.5.2.5.

**4.10 Candidate CRR Holder and CRR Holder Registration.**

Only entities that are registered and qualified as a Candidate CRR Holder or CRR Holder shall: 1) submit nominations to CRR Allocations; 2) submit Bids to CRR Auctions; and 3) register as a CRR Holder through the Secondary Registration System. In order to be registered and qualified as Candidate CRR Holders or CRR Holders, entities must have met the all of the requirements specified in this Section 4.10.

**4.10.1 Procedure to Become a Candidate CRR Holder.**

**4.10.1.1 Candidate CRR Holder Application.**

To become a Candidate CRR Holder, a Candidate CRR Holder applicant must submit a completed written application, as provided in the applicable form posted on the CAISO Website, to the CAISO by mail, or in person. A Candidate CRR Holder applicant may retrieve the application and necessary information from the CAISO Website.

**4.10.1.2 CAISO Information.**

The CAISO will provide the following information, in its most current form, on the CAISO Website and, upon request by a Candidate CRR Holder applicant, the CAISO will send the requested information by electronic mail:

- (a) the Candidate CRR Holder application form;
- (b) the CAISO Tariff and Business Practice Manuals; and
- (c) an application for an Unsecured Credit Limit for Candidate CRR Holder applicants requesting an Unsecured Credit Limit in lieu of another form of Financial Security.

**4.10.1.3 Candidate CRR Holder Applicant Submits Application.**

At least sixty (60) days before the proposed commencement of the CRR Allocation or CRR Auction, or the effective date of the CRR transfer through the Secondary Registration System, in which a Candidate CRR Holder desires to participate as applicable, the Candidate CRR Holder applicant must return a completed application form with the non-refundable application fee set by the CAISO Governing Board to cover the application processing costs and the costs of furnishing the CAISO Tariff and other documents.

**4.10.1.4 Notice of Receipt.**

Within three (3) Business Days of receiving the application, the CAISO will send a written notification to the Candidate CRR Holder applicant that it has received the application and the non-refundable fee.

**4.10.1.5 CAISO Review of Application.**

Within ten (10) Business Days after receiving an application, the CAISO will notify the Candidate CRR Holder applicant whether the Candidate CRR Holder applicant has fulfilled all necessary information as set forth in Section 4.10.1. If the Candidate CRR Holder applicant fails to fulfill all application requirements within a year from the date that the CAISO acknowledges receipt of the Candidate CRR Holder application, the application will be nullified and the applicant will be required to resubmit a new application in order to reinstate its status as a Candidate CRR Holder applicant.

**4.10.1.5.1 Information Requirements.**

The Candidate CRR Holder applicant must submit with its application:

- (a) the proposed date for commencement of the CRR Allocation, CRR Auction or Secondary Registration System in which the applicant intends to qualify to participate, which may not be less than sixty (60) days after the date the application was filed, unless waived by the CAISO;
- (b) Financial Security information as set forth in Section 12;
- (c) proof of completion of CRR training or expected completion of CRR training; and
- (d) the prescribed non-refundable application fee.

**4.10.1.5.2 Candidate CRR Holder Load Serving Entity Certifications.**

A Candidate CRR Holder applicant that intends to obtain CRRs through the CRR Allocation process must certify that it qualifies as a Load Serving Entity as defined in the CAISO Tariff. A Candidate CRR Holder applicant that intends to participate in the CRR Allocation for load it serves located outside the CAISO Balancing Authority Area must certify that it qualifies as that load's load serving entity and prior to actual participation in the CRR Allocation will also be required to fulfill the requirements in Section 36.9.

**4.10.1.6 Deficient Application.**

In the event that the CAISO has determined that the Candidate CRR Holder application as submitted is deficient the CAISO will send a written notification of the deficiency to the Candidate CRR Holder applicant within ten (10) Business Days of receipt by the CAISO of the application explaining the deficiency and requesting additional information.

**4.10.1.6.1 Candidate CRR Holder Applicant's Additional Information.**

Once the CAISO requests additional information, the Candidate CRR Holder applicant has five (5) Business Days, or such longer period as the CAISO may agree, to provide the additional material requested by the CAISO.

**4.10.1.6.2 No Response from Candidate CRR Holder Applicant.**

If the Candidate CRR Holder applicant does not submit additional information within five (5) Business Days or the longer period referred to in Section 4.10.1.6.1, the application may be rejected by the CAISO.

**4.10.1.7 CAISO Acceptance or Rejection of an Application.**

**4.10.1.7.1 Acceptance or Rejection Notification.**

- (a) If the CAISO accepts the application, it will send a written notification to the Candidate CRR Holder applicant stating that its application has been accepted.
- (b) If the CAISO rejects the application, the CAISO will send a rejection letter stating one or more of the following grounds:
  - (i.) incomplete information;
  - (ii.) non-compliance with Financial Security requirements; or
  - (iii.) non-compliance with any other CAISO Tariff requirements.

Upon request, the CAISO will provide guidance as to how the Candidate CRR Holder applicant can cure the grounds for the rejection.

**4.10.1.7.2 Time for Processing Application.**

The CAISO will make a decision whether to accept or reject the application within ten (10) Business Days of receipt of the application. If more information is requested, the CAISO will make a final decision within ten (10) Business Days of the receipt of all outstanding or additional information requested.

**4.10.1.8 Candidate CRR Holder Applicant's Response.**

**4.10.1.8.1 Candidate CRR Holder Applicant's Acceptance.**

If the CAISO accepts the application, the Candidate CRR Holder applicant must return an executed CRR Entity Agreement and any required letter of credit, guaranty, escrow agreement or other form of Financial Security, as applicable.

**4.10.1.8.2 Candidate CRR Holder Applicant's Rejection.**

**4.10.1.8.2.1 Resubmittal.**

If a Candidate CRR Holder's application is rejected, the Candidate CRR Holder applicant may resubmit its application at any time. An additional application fee will not be required for the second application submitted within six (6) months after the CAISO's issuance of a rejection.

**4.10.1.8.2.2 Appeal.**

The Candidate CRR Holder applicant may also appeal against the rejection of an application by the CAISO. An appeal must be submitted within twenty (20) Business Days following the CAISO's issuance of a rejection of its application.

**4.10.1.9 Final Registration and Qualification of Candidate CRR Holder Applicant.**

**4.10.1.9.1 Notice of Completed Registration and Qualification of Candidate CRR Holder.**

Once the CAISO has accepted a Candidate CRR Holder applicant's application, the CAISO will provide the Candidate CRR Holder applicant with a final written notice to certify that a Candidate CRR Holder applicant has become a Candidate CRR Holder. The CAISO shall issue such final written notice of full registration and qualification as a Candidate CRR Holder after the CAISO has determined that the Candidate CRR Holder applicant has fully satisfied all the following requirements:

- (a) fully executed a CRR Entity Agreement with the CAISO;
- (b) provided its bank account information and arranged for Fed-Wire transfers;
- (c) met the Financial Security requirements of Section 12;
- (d) certified that it has attended required CRR training; and
- (e) obtained and installed any necessary software for communication with the CAISO as necessary.

**4.10.1.9.2 Market Notice.**

The CAISO shall issue a Market Notice stating the new Candidate CRR Holder status.

**4.10.2 Candidate CRR Holder's and CRR Holder's Ongoing Obligations After Registration and Qualification.**

**4.10.2.1 Candidate CRR Holder and CRR Holder Obligation to Report Changes.**

**4.10.2.1.1 Obligation to Report a Change in Filed Information.**

Each Candidate CRR Holder and CRR Holder has an ongoing obligation to inform the CAISO of any changes to any of the information submitted by it to the CAISO as part of its application to become a Candidate CRR Holder, including any changes to the additional information requested by the CAISO. The applicable Business Practice Manual sets forth the procedures for changing the Candidate CRR Holder or CRR Holder information and timing of notifying the CAISO of such changes.

**4.10.2.1.2 Obligation to Report a Material Change in Financial Condition.**

The Candidate CRR Holder or CRR Holder that has been granted Unsecured Credit Limit has an ongoing obligation to inform the CAISO within five (5) Business Days of any Material Change in Financial Condition including but not limited to credit rating changes described in Section 12.

**4.10.2.2 Failure to Promptly Report a Material Change.**

If a Candidate CRR Holder or CRR Holder fails to inform the CAISO of a material change in its information provided to the CAISO including a Material Change in Financial Condition, that may affect the Financial Security of the CAISO, the CAISO may suspend or terminate the Candidate CRR Holder or CRR Holder's rights under the CAISO Tariff in accordance with the terms of Sections 12 and 4.10.4.2, respectively. If the CAISO intends to terminate the Candidate CRR Holder's status, it shall file a notice of termination with FERC in accordance with the terms of the CRR Entity Agreement. Such termination shall be effective upon acceptance by FERC of a notice of termination in accordance with the terms of the CRR Entity Agreement.

**4.10.3 Termination of a CRR Entity Agreement.**

**4.10.3.1 Prior Notice Requirements.**

- (a) A CRR Entity Agreement may be terminated by the CAISO on written notice to the Candidate CRR Holder or CRR Holder that is a party to the CRR Entity Agreement in accordance with the terms of the CRR Entity Agreement:
  - (i) if the Candidate CRR Holder or CRR Holder no longer meets the requirements for eligibility set out in Section 4.10 and fails to remedy the default within a period of seven (7) days after the CAISO has given written notice of the default;
  - (ii) if the Candidate CRR Holder or CRR Holder fails to pay any sum under this CAISO Tariff and fails to remedy the default within a period of five (5) Business Days after the CAISO has given written notice of the default; or
  - (iii) if the Candidate CRR Holder or CRR Holder commits any other default under this CAISO Tariff or any of the Business Practice Manuals which, if capable of being remedied, is not remedied within thirty (30) days after the CAISO has given it written notice of the default.



- (b) The Candidate CRR Holder or CRR Holder may terminate its CRR Entity Agreement in accordance with the provisions of that agreement.
- (c) Upon termination of the CRR Entity Agreement, Candidate CRR Holders or CRR Holders shall continue to be liable for any outstanding financial or other obligations incurred under the CAISO Tariff as a result of their status as a Candidate CRR Holder or CRR Holder.
- (d) The CAISO shall, following termination of a CRR Entity Agreement and within thirty (30) days of being satisfied that no sums remain owing by the Candidate CRR Holder or CRR Holder under the CAISO Tariff, return or release to the Candidate CRR Holder or CRR Holder, as appropriate, any Financial Security support provided by such Candidate CRR Holder or CRR Holder to the CAISO under Section 12.

**4.10.3.2 Suspension of Registration and Qualification.**

Pending FERC acceptance of termination of service pursuant to the filing of a notice of termination of the CRR Entity Agreement, the CAISO will suspend the registration and qualification of a Candidate CRR Holder or CRR Holder that has received a notice of termination under the CRR Entity Agreement and the Candidate CRR Holder will not be able to submit nominations in the CRR Allocation or bids in the CRR Auction, or to register as a CRR Holder in the Secondary Registration System.

**4.11 RELATIONSHIP BETWEEN CAISO AND SUDCS**

**4.11.1 General Nature of Relationship Between CAISO and SUDCs.**

**4.11.1.1** The CAISO shall not be obliged to accept Bids, including Self-Schedules, or Bids for Ancillary Services which would require Energy to be transmitted to or from the Distribution System of a SUDC directly connected to the CAISO Controlled Grid unless the relevant SUDC has entered into a SUDC Operating Agreement. The SUDC Operating Agreement shall require SUDCs to comply with the applicable provisions of this Section 4.11 and any other expressly applicable Sections of this CAISO Tariff and the CAISO Protocols, as they may be amended from time to time. The CAISO shall maintain a pro forma SUDC Operating Agreement available for SUDCs to enter into with the CAISO, as set forth in Appendix B.10.

**4.11.1.2** The CAISO shall operate the CAISO Balancing Authority Area and the CAISO Controlled Grid and each SUDC shall operate its Distribution System at all times in accordance with Good Utility Practice and in a manner which ensures safe and reliable operation. The CAISO shall, in respect of its obligations set forth in this Section 4.11, have the right by mutual agreement to delegate certain operational responsibilities to the relevant Participating TO or SUDC pursuant to this Section 4.11. All information made available to SUDCs by the CAISO shall also be made available to Scheduling Coordinators. Any information, pertaining to the physical state, operation, maintenance or failure of the SUDC Distribution System that may cause a material adverse affect to the operation of the CAISO Controlled Grid, that is made available to the CAISO by the SUDC shall also be made available to Scheduling Coordinators upon receipt of reasonable notice.

**4.11.2 Coordinating Maintenance Outages of SUDC Facilities.**

Each SUDC and the Participating TO with which it is interconnected shall coordinate their Outage requirements with respect to their transmission interconnection facilities prior to the submission by that Participating TO of its maintenance Outage requirements under Section 9.3.

**4.11.3 SUDC Responsibilities.**

Recognizing the CAISO's duty to ensure efficient use and reliable operation of the CAISO Balancing Authority Area and the CAISO Controlled Grid consistent with the Applicable Reliability Criteria, each SUDC shall:

**4.11.3.1** operate and maintain its Distribution System in accordance with applicable reliability standards, statutes and regulations, and Good Utility Practice so as to avoid any material adverse impact on the reliability of the CAISO Balancing Authority Area and the CAISO Controlled Grid;

**4.11.3.2** provide the CAISO Outage Coordination Office each year with a schedule of upcoming maintenance on its transmission interconnection facilities with the CAISO Controlled Grid that has a reasonable potential of causing a material adverse impact to the reliability of the CAISO Controlled Grid.

**4.11.4 System Emergencies.**

**4.11.4.1** In the event of a System Emergency, SUDCs shall comply with all directions from the CAISO concerning the management and alleviation of the System Emergency and shall comply with all procedures concerning SUDCs for System Emergencies set out in the individual SUDC Operating Agreements.

**4.11.4.2** During a System Emergency, the CAISO and SUDCs shall communicate in accordance with procedures established in individual SUDC Operating Agreements.

**4.11.5 Load Reduction.**

**4.11.5.1** If the CAISO declares a Stage 1 System Emergency, the SUDC shall use any reasonably available local communication infrastructure to request that its customers curtail their electricity usage. The SUDC shall not be called separately in Stage 3 System Emergencies to manually shed Load. Load restoration of any voluntary Load reduction will occur once the CAISO declares that a System Emergency no longer exists.

**4.11.5.2** If the Participating TO sheds the SUDC Load associated with the Participating TO's transmission facilities, the Participating TO will provide timely information and work with the SUDC regarding SUDC Load restoration.

**4.11.6 System Emergency Reports: SUDC Obligations.**

**4.11.6.1** Each SUDC shall maintain all appropriate records pertaining to a System Emergency in accordance with the SUDC's then-existing record retention practice or policy, provided the records are kept for a minimum of six (6) years.

**4.11.6.2** In accordance with its SUDC Operating Agreement, each SUDC shall provide available information to the CAISO regarding the CAISO's preparation of an Outage review.

**4.11.7 Coordination of Expansion or Modifications to SUDC Facilities.**

Each SUDC and the Participating TO with which it is interconnected shall coordinate in the planning and implementation of any expansion or modifications of a SUDC's or Participating TO's system that will materially affect the reliability of their transmission interconnection facilities, the CAISO Controlled Grid or the transmission services to be required by the SUDC. The Participating TO shall be responsible for coordinating with the CAISO.

**4.11.8 Information Sharing.**

**4.11.8.1 System Planning Studies.**

The CAISO, Participating TOs and SUDCs shall share available information such as projected SUDC Load growth and SUDC system expansions necessary for the CAISO or the Participating TOs to conduct necessary system planning studies to the extent that such SUDC Load growth or SUDC system expansions will materially impact the operation of the CAISO Balancing Authority Area and the CAISO Controlled Grid.

**4.11.8.2 System Surveys and Inspections.**

The CAISO, each UDC and each SUDC shall cooperate, to the extent economically feasible for the SUDC, in performing system surveys and inspections regarding the operation of the CAISO Balancing Authority Area and the CAISO Controlled Grid.

**4.11.8.3 Reports.**

**4.11.8.3.1** The CAISO shall make available to the SUDCs any public annual reviews or reports regarding performance standards, measurements and incentives relating to the CAISO Balancing Authority Area and the CAISO Controlled Grid and shall also make available, upon reasonable notice, any such reports that the CAISO receives from the Participating TOs. Each SUDC shall make available to the CAISO upon request any public annual reviews or reports regarding performance standards, measurements and incentives relating to the SUDC's Distribution System to the extent these relate to the operation of the CAISO Balancing Authority Area and the CAISO Controlled Grid.

**4.11.8.3.2** The CAISO and SUDCs shall develop an operating procedure for the CAISO to record requests received from the SUDC for Maintenance Outages and the completion of the requested maintenance and turnaround times.

**4.11.9 Installation of Equipment on and Rights of Access to SUDC Facilities.**

**4.11.9.1 Installation of Facilities.**

The CAISO and the SUDC shall each have the right on reasonable notice to install or to have installed equipment (including metering equipment) or other facilities on the property of the other, to the extent that such installation is necessary for the installing party to meet its service obligations unless to do so would have a negative impact on the reliability of the service provided by the party owning the property. The CAISO and the SUDC shall enter into agreements governing the installation of such equipment or other facilities containing customary, reasonable terms and conditions.

**4.11.9.2 Access to Facilities.**

The SUDCs shall grant, free of charge, the CAISO reasonable access to SUDC facilities for purposes of inspection, repair, maintenance, or upgrading of facilities installed by the CAISO on the SUDC's system, provided that the CAISO must provide reasonable advance notice of its intent to access SUDC facilities and opportunity for SUDC staff to be present. Such access shall not be provided unless the parties mutually agree to the date, time and purpose of each access. Agreement on the terms of the access shall not be unreasonably withheld.

**4.11.9.3 Access During Emergencies.**

Notwithstanding any provision in this Section 4.11 the CAISO may have access, without giving prior notice, to any SUDC's equipment or other facilities during times of a System Emergency.

**4.11.9.4 Access For Audit Functions.**

Notwithstanding any provision in this Section 4.11 the CAISO may have access, without giving prior notice, to any SUDC's equipment or other facilities where the CAISO has a reasonable basis to believe the SUDC has failed to comply with the SUDC Operating Agreement, applicable CAISO Tariff or CAISO Protocol provisions and access is required to conduct an audit to gather relevant facts.

**5 [NOT USED]**

**[Ten Sheet Numbers Reserved for Future Filings.]**